



DEPARTMENT OF THE AIR FORCE  
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

**JAN 07 2004**

04A-001

MEMORANDUM FOR ALL PROGRAM EXECUTIVE OFFICERS  
SINGLE MANAGERS

FROM SAF/AQ  
1060 Air Force Pentagon  
Washington DC 20330-1060

SUBJECT: Revitalizing Air Force and Industry Systems Engineering (SE) Increment 2

Last April, I announced a formal program to revitalize Systems Engineering (SE) within the Air Force and with our industry partners. Policy Memorandum 03A-005, representing Increment 1 of a structured spiral development effort, identified immediate actions you must take to jump-start the process. This Policy Memorandum and the actions directed below comprise Increment 2, and are intended to institutionalize key attributes of an acceptable SE approach and outcome across the AF/Industry enterprise.

The SE approach used by the AF and our industry partners must focus on an end state that quickly delivers high-quality, best value products (capabilities) that fully meet the operators' needs, and are designed to easily and inexpensively accommodate growth (i.e., with consideration for scalability/expandability/variability) of capabilities in subsequent increments.

Consistent with achieving and institutionalizing this desired end state, I expect you to insert the appropriate language into the following acquisition documents:

1. Solicitations - shall clearly convey the scalability/expandability/variability requirement, require offerors to adequately describe how their SE approach will achieve the required endstate, and elevate the importance of SE when establishing source selection criteria.
2. Award Fee Plan / Incentive Fee Contract - technical performance should be weighted appropriately towards achieving the end state described above.
3. Contracts - shall consider incorporating the SE approach proposed by the offeror, appropriate leading indicators, as well as traditional cost, schedule, and performance indicators, should be used to measure contractor performance and as a basis for incentives.

Sample language for solicitations, source selection and evaluation criteria, Award Fee/performance incentives, and Leading Indicators and other key program indicators will be available next month in an online SE guide published on <http://csc.afit.edu> and available through [www.saf.aq.bq.af.mil/ACU](http://www.saf.aq.bq.af.mil/ACU). The intent of the guide is to provide examples, not "boilerplate"; programs must tailor SE requirements to the construct appropriate for the acquisition strategy and product/system. The guide is a "living" repository and will be expanded continually via lessons learned in successful implementation of SE strategies, tools, and processes.

*America's Air Force -- No One Comes Close*

In addition to the initial guidance above, appropriate language shall be inserted into the AFFARS, AFI 63-101, and other related guidance such as the Source Selection Guide.

Within eighteen months of their issuance, these policies shall be assessed for their effectiveness towards achieving the desired end state articulated above

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